

ASSEMBLY BILL

No. 1217

Introduced by Assembly Member Gallegos
(Coauthors: Assembly Members Calderon, Havice, Margett,
and Soto)
(Coauthor: Senator Solis)

February 26, 1999

An act to add Section 6377.3 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1217, as introduced, Gallegos. Sales and use taxes: exemptions: water treatment equipment.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax.

This bill would additionally exempt from sales and use tax tangible personal property purchased for use by a qualified person, as defined, to be used to treat contaminated water under specified conditions.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6377.3 is added to the Revenue
2 and Taxation Code, to read:
3 6377.3. (a) There are exempted from the taxes
4 imposed by this part the gross receipts from the sale of,
5 and the storage, use, or other consumption in this state of,
6 any of the following:
7 (1) Tangible personal property purchased for use by a
8 qualified person to be used primarily to treat water to
9 meet or exceed standards established by this state or any
10 local or regional governmental agency within this state,
11 provided all of the following conditions are met:
12 (A) The water to be treated is the primary source of
13 drinking water for a population exceeding one million.
14 (B) The water to be treated contains multiple
15 contaminants in excess of state and federal drinking
16 water standards and requires multiple treatment
17 processes in order to meet all applicable health standards.
18 (C) The presence of contaminants has severely
19 impacted the availability of water for a portion of the
20 region.
21 (D) The treatment of water is necessary to restore the
22 local water supply and protect against the spread of
23 contamination to uncontaminated areas.
24 (2) Tangible personal property purchased for use by a
25 qualified person to be used primarily to maintain, repair,
26 measure, or test any property described in paragraph (1).
27 (b) This exemption shall not apply to any tangible
28 personal property that is used primarily in
29 administration, general management, or marketing.



(c) For purposes of this section:

(1) “Primarily” means tangible personal property used 50 percent or more of the time in an activity described in subdivision (a).

(2) “Qualified person” means a public agency or court-appointed groundwater management entity with statutory or contractual responsibility for coordinating or implementing the cleanup of contaminated groundwater, or any entity, public or private, that is licensed by the State Department of Health Services to provide public water service.

(3) “Tangible personal property” includes, but is not limited to, all of the following:

(A) Machinery and equipment, including component parts, moving parts, and operating structures.

(B) All equipment, materials, supplies, or devices used or required to operate, control, regulate, or maintain the machinery or equipment, including, but not limited to, telemetry equipment, computers and computer software, and water filtration media and treatment resins.

(d) No exemption shall be allowed under this section unless the purchaser furnishes the retailer with an exemption certificate, completed in accordance with any instructions or regulations as the board may prescribe, and the retailer subsequently furnishes the board with a copy of the exemption certificate. The exemption certificate shall contain the sales price of the machinery and equipment that is exempt pursuant to subdivision (a).

SEC. 2. Notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any sales and use tax revenues lost by it under this act.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect. However, the provisions of this act shall become operative on the first day of the first calendar

1 quarter commencing more than 90 days after the
2 effective date of this act.

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